Appendix I.

[Vide answer to clause (*d*) of starred question No. 124 asked by Sri M. Kalyanasundaram at the meeting of the Legislative Assembly held on 18th August 1956, page 759 supra.]

Conciliation Report No. A. 3-21695/56, *dated* 15*th May* 1956, *of the Commissioner of Labour, Madras.*

Labour—Disputes—Dispute between the workers and the management of Madura Mills Company, Limited, regarding bonus for 1955—*Wages, dearness allowance, work-load, etc.—Conciliation Report.*

1. The Papanasam Labour Union, Vickramasingapuram, the Vickramasingapuram Textile Workers' Union, Vickramasingapuram, the Madura Mill Labour Union, Madurai, the Madura Textile Workers' Union, Madurai, and the Tuticorin Mill Labourers' Union, Tuticorin, issued notices on 2nd and 3rd May 1956 informing the management of the Madura Mills Company, Limited, that the workers of the Madura Mills Company, Limited, at Madurai, Ambasamudram and Tuticorin would be going on a strike if the seven demands mentioned in the notices were not conceded. I took up conciliation proceedings on 12th May 1956 in my office. As some of the demands were common to all the workers, and any settlement that might be arrived at was likely to affect the workers who were not members of the Unions which had issued the strike notices, I invited the representatives of the National Textile Workers' Union, Madurai and Vickramasingapuram (INTUC), the Madura Labour Union, Madurai, and the Agasthier Labour Union, Vickramasingapuram, also to be present during conciliation.

2. Sri Rangasami representing the National Textile Workers' Union, Madurai and Vickramasingapuram (INTUC), stated that he would be satisfied if the recommendations of the Tripartite Textile Enquiry Committee in respect of all the demands are implemented and the demands made in the strike notices, except bonus, were raised by them also and were pending conciliation before the Labour Officer, Madurai.

3. The demands of the Unions were then discussed :—

(1) *Bonus for* 1955.—The management notified on 11th April 1956 that they would pay before 20th April 1956 a bonus equivalent to four months' basic wages to the workers in full and final settlement. The bonus has been paid as notified. The Unions demanded six months' wages as bonus and stated that though the workers had received the payment offered, it was received only as part payment.

Justifying their demand for six months' wages, Sri Balasubramaniam, Sri K. T. K. Thangamani and Sri Kannayya argued that in arriving at the surplus profits available for distribution as bonus the management had deducted from the gross profits the statutory depreciation of Rs. 11·74 lakhs and a further sum of Rs. 22·63 lakhs

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as rehabilitation reserve, that the need for rehabilitation reserve had not been proved and that this amount was treated as available for distribution, a bonus of six months' wages could easily be paid under the Labour Appellate Tribunal formula.

Mr. Andrew on behalf of the management stated that in respect of the bonus demand for 1953, the Industrial Tribunal, Madurai, erred in calculating the rehabilitation allowance. After applying the appropriate multiplier, i.e., 2·7 on machinery and 2·25 on buildings, the Industrial Tribunal arrived at the total amount required for rehabilitation but in deducting therefrom the amounts already available with the company, it took into account the depreciation amounts, already written off, without taking into account the amounts reinvested in business, which were no longer available in liquid form. The management filed an appeal on the above decision of the Industrial Tribunal before the Labour Appellate Tribunal and later the parties came to a settlement for the years 1953 and 1954 as a result of which the appeal was withdrawn. He stated that the Unions should not therefore rely on the incorrect method of calculation of the Industrial Tribunal, as the main principle in appeal was not decided by the Labour Appellate Tribunal. Mr. Andrew also stated that this question was further clarified by the Labour Appellate Tribunal in the Associated Cement Companies case reported on II L.L.J. 1955, page 145–147, viz., that it was incorrect on the part of the adjudicator to have deducted the amount used up by the concern and applied towards past renewals of machinery and plant. In the circumstances, he could not agree to pay any additional bonus. I enclose a copy of the balance sheet of the company and the working sheets furnished by the management and Sri Kannayya regarding the available surplus.

(2) *Minimum basic wages.*—The management are at present paying a minimum basic wage of Rs. 26. Sri Balasubramaniam on behalf of the Unions wanted that it should be increased to Rs. 30 without any reference to the work-load. He contended that the management could easily afford the extra expenditure of Rs. 12 lakhs involved in this demand.

Mr. Andrew stated that the minimum basic wages is Rs. 26 in almost all the mills, that even at present the majority of the workers were getting Rs. 29–4–0 including night allowance, that, in view of the competitive nature of the industry, increase in wages should not be demanded on unitwise basis, that wages must be related to production, that in the re-deployment scheme which he proposed to introduce provision has been made for a minimum basic wage of Rs. 28 and that it was not possible to grant any increase in wages without regard to work-load.

(3) *Dearness allowance.*—The management are at present paying a dearness allowance of 3 annas per point over 100 on the Madras cost of living index figures. The Unions wanted that the dearness allowance should be increased to 4 annas per point.

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Mr. Andrew stated that no textile mill in the State was paying more than 3 annas per point, that the increased expenditure to the company in accepting the demand of the Unions would be about 45 lakhs per annum and that this demand should be dealt with on an industry basis.

(4) *Work-load.*—The management notified on the 18th April 1956 that a scheme of labour re-deployment providing for increase in wages and commission linked to revised work-loads would be introducted in the mills with effect from 7th May 1956. A copy of the scheme is enclosed. The Unions protested against the scheme and the Government advised the management to defer its introduction pending the result of conciliation.

During the discussion the Unions represented that the existing work-load was high, that the workers could not bear any increase and that there was no necessity to increase it.

Mr. Andrew explained that the management never gave up their right to give effect to the recommendations of the Standardization Committee, that they did not want to introduce it when there was food rationing, that later they were preoccupied with the Industrial Tribunals till 1951, and still later they wanted to await the recommendations of the Tripartite Textile Enquiry Committee. He stressed that under their re-deployment scheme every worker would get an increase in wages varying from Rs. 2 to Rs. 6-8-0, that no surplus labour would be retrenched and that to modernize the mills and maintain the lead in the yarn market it was necessary to introduce the re-deployment scheme.

The Unions contended that the management had not been filling up vacancies caused by natural wastage, that the work-loads had been imperceptibly increased, that the number of workers employed in 1956 was less by about 6,000 than the number employed in 1946, that the management's contention that there would be no retrenchment was not correct as what they proposed to do was to take out the surplus labour from their present occupations and provide for them elsewhere. Mr. Andrew stated that the difference in the number of workers between 1946 and 1956 was only about 2,200 and that it was due to—

(*a*) stoppage of frames;

(*b*) less construction work; and

(*c*) reduction in the percentage of absenteeism.

(5) *Festival holidays.*—The management are at present giving six to seven festival holidays with wages in a year. The Unions want 11 festival holidays with pay. Mr. Andrew stated that the question of festival holidays was common to all mills and industries in the State, that the Unions should await legislation on an All-India basis. He pointed out that the existing facilities in their mills compared favourably with those in most of the mills in the State.

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(6) *Increments.*—The Unions wanted that the workers should be granted annual increments in wages. Mr. Andrew on behalf of the management stated that they could not bear the additional burden in course of time, that the wage differentials and payment of commission to certain productive occupations provided sufficient scope for advancement of the workers and that the production of the worker continues to be the same despite long years of service. He could not therefore concede this demand.

(7) *Permanency of workers.*—Sri Kannayya said that about 4,000 workers were kept as temporary and wanted that they should be made permanent.

Mr. Andrew stated that all the temporary workers could not be confirmed as the number required under the existing work-load has already been made permanent, that if all the workers were to be made permanent, the permanent workers would have to be laid off in rotation and that such a scheme introduced in Tuticorin in the Reeling department at the instance of the Unions had to be given up on the protest of the workers themselves.

No settlement was possible on any of the demands.

ENCLOSURE.

(1)

MADURA MILLS COMPANY, LIMITED.

Bonus for the year 1955.

Available surplus as per L.A.T. formula.

(Submitted by the management.)

		RUPEES IN LAKHS.
Profit as per Profit and Loss Account ..		44·20
Add Depreciation (Book figure) ..		18·73
Income-tax (Book figure) ..		33·66
Bonus for previous year debited in the year's account ..		31·67
		128·26
Deduct—Depreciation (Statutory—Normal and extra shift) ..		11·74
		116·52
Bonus for 1955—Assumed figure ..		* 34·00
		82·59
Income-tax—" National " at 7 annas on Rs. 82·52 lakhs ..		36·10
		46·42
Rehabilitation (Rs. 34·37 — Rs. 11·74) ..		22·63
		23·79
Return on Capital and Reserves—		
Capital at 6 per cent on Rs. 1,75,02,480 ..	10·50	
Reserves at 4 per cent on Rs. 3,31,31,427 ..	13·25	23.75
	Surplus	0·04

* Representing an offer made by us to the Unions of 33–1/3 per cent earned basic wages during 1955.

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(2)

MADURA MILLS COMPANY, LIMITED.

1955 *Bonus.*

(Submitted by Sri P. A. Kannayya.)

	RS.
Net profit	44,20,509
Depreciation	18,72,[illegible]33
Tax	33,66,000
Bonus wrongly debited	33,00,000
	1,29,59,142

Deductions—

As per certain decisions.	RS.	*As per certain other decision.*	RS.
Provision for tax ..	33,66,000		33,66,000
Rehabilitation	17,03,189		17,03,189
Return on share capital— At 6 per cent o[illegible] sh— Rs. [illegible]9,[illegible]6,502½ ..	3,54,990	Return on share capital— Rs 1,75,02,480 at 6 per cent	10,50,148
At 4 per cent on bonus shares—Rs. 1,15,85,977½.	4,63,439	At 4 per cent on reserves employed as working capital—Rs. 3,92,69,064.	15,70,763
			76,90,100
Return at 2 per cent on reserves employed as working capital— Rs. 3,92,69,064	7,85,382		
	66,73,000		
Gross profit	1,29,59,[illegible]42	Gross profit	1,29,59,142
Less deductions	66,73,000	*Less* deductions	76,90,100
	62,86,142		52,69,042
Six months' bonus	48,96,336	Six months' bonus ..	48,96,336
	13,89,806		3,72,706
* Current assets	5,67,46,935		
Less current liabilities ..	1,74,77,871		
Working Capital ..	3,92,69,064		

* Representing an offer made by us to the Unions of 33-1/3 per cent earned basic wages during 1955.

APPENDIX II.

[Vide answer to starred question to No. 139-I asked by Sri M. Kalyanasundaram at the meeting of the Legislative Assembly held on 18th August 1956, page 787 supra.]

Extract from G.O. Ms. No. 1298, *Home, dated* 28*th April* 1956.

Motor vehicles—Stage carriages—Grant of permits—Variations—Timings and punishments—Principles to be followed—Directions issued.

In W.P. Nos. 333 and 334 of 1951, the High Court, Madras, has held that the State Government should frame rules laying down the principles on which the selection from among the applicants for stage carriage permits is to be made and such rules must, as required by Article 19 (6), be reasonable and in the interests of the

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public; that the rules so laid down should be followed by all transport authorities including the Government without any discrimination and that the decisions of the transport authorities granting or refusing to grant permits are liable to be reviewed by the Courts and set aside if they are unreasonable, arbitrary or discriminatory. The Government have, therefore, decided to lay down the principles that should be observed by all the Transport Authorities in the matter of grant of stage carriage permits, variations or extension of routes, additional trips or change of timings and award of punishments for breaches of rules and permit conditions.

2. Therefore, in exercise of the powers conferred by section 43-A (1) of the Motor Vehicles Act, 1939 (Central Act IV of 1939), the Governor of Madras hereby issues the following directions :—

A. Grant of stage carriage permits.—The Transport Authorities shall, in deciding whether to grant or refuse a stage carriage permit, have regard to the following matters in addition to those mentioned in section 47 (1) of the Motor Vehicles Act, 1939 :—

Applicants may be screened and disqualified on one or more of the following principles :—

(1) *Financial instability as evidenced by insolvency or undischarged decrees.*—It is important that those who run public services are not subject to financial pressure which distracts or diverts them from the prescribed rules. Borrowing for purchase of the vehicle will not by itself be a disqualification.

(2) *An adverse record in respect of efficiency and integrity.*—Ordinarily the history sheet of the previous one year alone may be considered in this respect.

(3) *Trafficking in permits as evidenced by transfer, without adequate reasons, of permits previosuly held.*—It is obviously necessary to discourage trade in permits.

(4) *Applying for the permit on behalf of others in order to evade the rules, particularly in respect of the viable units.*—In order to ensure efficiency of service and equality of opportunity the following principles should be applied to the remaining applicants for permits. To secure precision and to enable quick consideration a system of marking according to the principles involved may be followed. In cases where this system works unfairly, the Regional Transport Authority may ignore the marks obtained for reasons to be stated.

(1) *Building strength to viable units.*—After considering the statistics available and the reasons advanced, Government have decided that efficiency of service and economy in cost can be secured by fixing viable units of five buses. It is accordingly necessary that, other things being equal, preference should be given to existing owners of four buses and less to build up to a fleet of five buses. These owners will have preference over other

applicants in the ascending order. In the marking system therefore applicants of four buses and less will be given one mark for each vehicle already licensed to them. Thus the owner of one bus will get one mark and the owner of two buses will get two marks and so on to a total of four. This will enable the existing permit holders to build up their buses to viable units in preference to others who have more buses or none.

(2) *Possession of repair and maintenance facilities.*—It is considered that efficiency in running depends on the constant attention which the permit holders, with their own workshop, can give. The minimum equipment of workshop to be considered to satisfy this preference is stated in the appendix. A total of two marks may be given for this qualification.

(3) *Location of residence or place of business of the applicant on the route or at the terminal.*—This qualification not only is in favour of local enterprise but also secures that the owner will pay prompt and frequent attention to the service entrusted to him. One mark may be assigned to this qualification.

(4) *Technical or business experience of transport of the applicant.*—This also secures the efficiency of the service. One mark may be assigned to this qualification.

(5) *Special circumstances like being co-operative enterprise, being supported by the public, being near existing services owned by the applicant or other reasons, to be stated in writing.*—Two marks. This will normally enable the Regional Transport Authority to make allowances for imponderable factors. A total of ten marks is therefore available to applicants on the above principles, viz. :

	Marks.
For number of buses up to a total of four at the rate of one mark per bus.	4
For (2), (3), (4) and (5) above	6
Total ...	10

It will expedite consideration of the claims of the applicants if the marks are tabulated on a broad sheet before the applicants or their lawyers are heard. The work will then be largely reduced to mere verification of the marks tabulated and assessment of special circumstances. Such broadsheets as finalised can be made part of the order, which will also reduce the work in appeals.

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APPENDIX.

Minimum equipment for a unit of five buses.

Serial number and equipment.	*Unit price.*	*Quantity required.*
	RS.	
1 Tool kit	850	1
2 Iron horse—Front axle	45	2
3 Iron horses—Rear axle	55	2
4 Iron horses—Chassis	55	2
5 Roll a car jack 4 tons	750	1
6 Ordinary grease gun	50	1
7 Electric grinder with wire wheel	400	1
8 Electrical tool kit	125	1
9 Wall plug lights	30	1

தமிழ்நாடு சட்டமன்றப் பேரவை
TAMIL NADU LEGISLATIVE ASSEMBLY
வாய்மையே வெல்லும்
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